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INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUCNCIS/CIS COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 5976
RUEHBJ/AMEMBASSY BEIJING 3670
RUEHKO/AMEMBASSY TOKYO 3529
RUEHIT/AMCONSUL ISTANBUL 4218
RUEKJCS/JOINT STAFF WASHDC
RUEAIIA/CIA WASHDC
RUCPDOG/DEPT OF COMMERCE WASHDC
RHEFDIA/DIA WASHDC
RHEBAAA/DEPT OF ENERGY WASHDC
RHEHNSC/NSC WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUEKJCS/SECDEF WASHINGTON DC
RUCNDT/USMISSION USUN NEW YORK 1301
RUEHVEN/USMISSION USOSCE 4160

C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 001591

SIPDIS

STATE FOR SCA/CEN; EEB;
ENERGY FOR EKIMOFF/BURPOE/COHEN
COMMERCE FOR DSTARKS/EHOUSE

E.O. 12958: DECL: 12/09/2019
TAGS: [ENRG](#) [ECON](#) [PGOV](#) [EINV](#) [BTIO](#) [TX](#)
SUBJECT: TURKMENISTAN: GENERAL ELECTRIC LOOKING TO DEAL
DIRECTLY WITH GOVERNMENT

REF: ASHGABAT 1498

Classified By: Acting DCM Peter Eckstrom for reasons 1.4 (b) and (d).

¶1. (C) SUMMARY. General Electric (GE) is the leading provider of power generation equipment to Turkmenistan. In addition to being the exclusive provider of gas turbines to the Turkmen, the company provides pipeline and oil field equipment, and delivers services such as much-needed technical and maintenance training as well as outage inspections. Traditionally GE has partnered with other companies when doing business in Turkmenistan, but plans to deal more directly with the GOTX in terms of service market contracts. GE was officially registered to do business in Turkmenistan in 2009, and has plans to open an office in Ashgabat. Although providing power generation equipment and related services has been the company's forte in Turkmenistan, company officials envision that GE would move into providing additional products such as airplane engines, medical equipment and other products and services directly to the Turkmen. Company representatives hoped that small, positive changes in Turkmenistan's business climate would allow GE to deal directly with the GOTX without involving unnecessary partners or intermediaries. END SUMMARY.

¶2. (C) On December 8, on the margins of the Second Annual International Electricity Industry Exhibition and Conference in Ashgabat, representatives from GE met with Charge to discuss the company's prospects in Turkmenistan. Company reps explained that since 2002, GE has been the exclusive provider of large gas turbines for power generation throughout the country (reftel). They suggested that Turkmenistan has one of the most up-to-date power generation systems in the world, citing modern power plants in Turkmenbashi, Ashgabat, Dashoguz, and Balkanabat. The company is continuing its partnership with Turkish companies Chalik Energy and Lotus Energy to build additional power plants in the Avaza Tourist Zone, Ahal, and a second plant in Balkanabat. These three plants alone would produce 520

megawatts (MW) of power.

13. (C) Company officials were convinced that the GOTX liked GE technology, given the amount of products and services the country has already purchased. They explained that GE's overall business strategy in central Asia has been to have partner companies that were able to mitigate the bureaucratic hurdles typical in the region. They cited GE's water process technology work with the Turkish giant Polimeks in Kazakhstan, Azerbaijan, Uzbekistan, and Turkmenistan as an example of how partnering with a regional company had helped GE get access to the Central Asian and former Soviet Union markets. Company reps told Charge that they had developed an excellent relationship with Turkmen Minister of Energy and Industry Yarmuhammet Orazgulyev, and were now inclined to dealing directly with the GOTX, without intermediaries, to provide services. The company would still partner with other companies to sell GE equipment, at least for the time being. They added that the Ministry of Energy recently asked GE directly for a price quote for turnkey outage inspections instead of going through a partner company, stressing that the value of such inspections can run up to \$50 million.

14. (C) GE officials felt that equipment maintenance training for Turkmen nationals must be a critical component of any business proposals with the Turkmen. They noted that the few explosions of GE equipment in Turkmenistan were the direct result of an inability of Turkmen plant workers to properly maintain equipment. For example, GE reps recounted that gas turbines require somewhat extensive maintenance at 24,000 operating hours, but a turbine that exploded had 80,000

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operating hours on it with no maintenance. Company reps stated that GE already provides extensive training to ensure that its power generation equipment is properly maintained, and the company plans on highlighting the company's commitment to providing high-quality technical training for Turkmen workers as it eyes expansion in Turkmenistan.

15. (C) As a result of positive signals from the Turkmen Government, GE plans to open an office in Ashgabat in the near future. According to the reps, company decision-makers felt it was time to have a central office in Ashgabat that could eventually serve as a point of entry for all types of GE products and services into the Turkmen market. The company officially registered to do business in Turkmenistan in 2009, and its operating license does not yet allow for expanding beyond power generation equipment and services. Nevertheless, company officials were confident the GE name and reputation in Turkmenistan would allow the company to expand over time. Plans are in the works for hiring administrative staff and field engineers. Charge reminded the reps of the Turkmen requirement that any foreign company's staff include at least 70 percent Turkmen employees.

16. (C) COMMENT. GE's plans to expand its business in Turkmenistan is great news. GE hopes to be able to strike a deal on services without assistance from partner/middlemen companies, but did not rule out using partners when necessary. The company's experience in Turkmenistan since 2002 has allowed company officials to gauge the correct timing for increasing its overtures toward the GOTX for more business. GE is a respected name in Turkmenistan and recent Turkmen press reports hailed the company as "the world leader in power generation equipment." GE executives plan to ride the popularity wave it enjoys at the moment, and opening an office in Ashgabat would send the GOTX another message that the Americans are indeed coming to Turkmenistan. END COMMENT.
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